GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7380
ANSWERED ON:12.05.2000
APPROACH TO MULTILATERAL AGENCIES FOR FUNDS
SANJAY PASWAN

Will the Minister of FINANCE be pleased to state:

(a): whether the Union Government have imposed ban on State Governments to borrow funds from the multilateral agencies directly;

(b): if so, the details thereof and the reasons therefor;

(c): whether the Union Government have issued any directions in this regard;

(d): if so, the details thereof;

(e): whether the Government have received any objections from the State Governments on the issue;

(f): if so, the details thereof; and (g): the reaction of the Union Government thereto?

Answer

MINISTER OF STATE FOR FINANCE

SHRI BALASAHEB VIKHE PATIL

(a) No, Sir. Under the provisions of the Constitution, the executive powers of a State extend to borrowing within the territory of India. Also, under the 7th Schedule of the Constitution, `Foreign Loans` come under the Union list.

(b) Not applicable.

(c) & (d) The Government of India, from time to time, has issued guidelines regarding formalities to be completed by the State Governments/Central Ministries before posing projects to external agencies for external assistance. According to these, the project proposals should be routed through the Central Line Ministries to the Department of Economic Affairs after ensuring Plan priorities, budgetary clearances, Administrative clearances, including clearances from the Planning Commission.

(e), (f) & (g): No instance has been come to the notice where the State Government have objected to this process of submission of projects.